

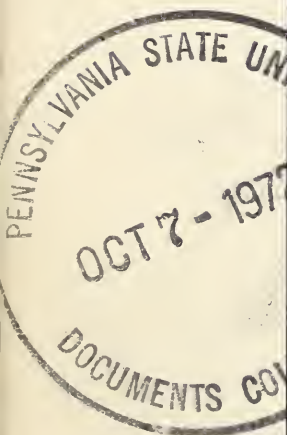
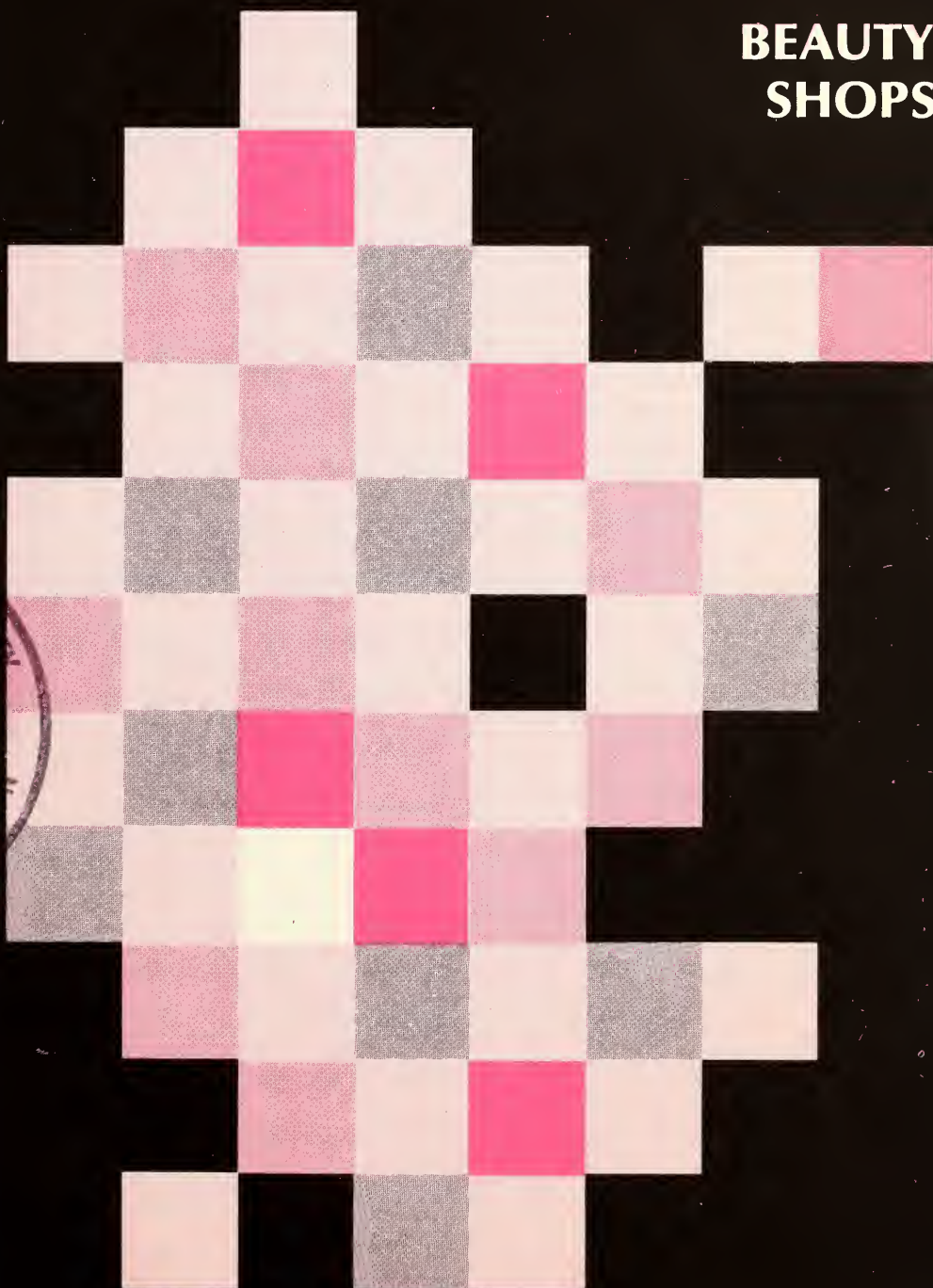
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URBAN BUSINESS PROFILE

**BEAUTY
SHOPS**



**U.S.
DEPARTMENT
OF
COMMERCE**

Economic
Development
Administration

Office of
Minority Business
Enterprise

URBAN BUSINESS PROFILE

BEAUTY SHOPS

SIC 7231

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ECONOMIC DEVELOPMENT ADMINISTRATION
in cooperation with
OFFICE OF MINORITY BUSINESS ENTERPRISE**

U. S. DEPARTMENT OF COMMERCE
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URBAN BUSINESS PROFILE

Beauty Shops

(SIC 7231)

I. RECOMMENDATION

The beauty care industry is among the fastest growing service industries in the United States but is also characterized by one of the highest industry failures. The reason for this is that beauty shops, or "salons," are usually very small in size and cater to a limited and demanding clientele. A few dissatisfied customers can have wide-ranging ill effects on the business.

Consequently, while beauty shops are good investments under the proper conditions, the entrepreneur must approach the venture with caution. Unless the manager can attract qualified and personable stylist employees, chances of success are limited. If a good staff is lined up and proper marketing analysis and planning precedes the venture, however, chances of success and a good return on investment are relatively high.

The shop should be planned and located only after the client population is defined and carefully analyzed with respect to current consumer patterns. While a successful existing firm has an initial competitive edge, there will always be women willing to try new establishments. If these trial customers are satisfied, the word will spread quickly, and a market of regular clients should soon develop.

Initial venture capital will run between \$10,000 and \$20,000 for medium-sized establishments (3 to 6 operators). Stylists can be found through industry sources, beauty schools, employment agencies, or classified advertisements.

The beauty care industry is one of the few in which a well-defined minority market segment can be identified. Minority-owned beauty salons tend to have an advantage in serving members of their own community, and the rapidly increasing beauty consciousness in the minority population provides a strong basis of support for the operations of a well-planned and operated salon catering to this group's needs.

II. DESCRIPTION OF THE BUSINESS

A. Identification

A beauty shop is any establishment primarily engaged in offering services to women involving hair, facial, hand, and nail treatment. While primarily providing services, some retail activities are included. In most shops wig sales, for example, are a new revenue generator.

Beauty shops are classified for statistical purposes as Standard Industrial Classification (SIC) 723 (and as SIC 7231 on the four-digit level). Included in SIC 723 are establishments that offer both beauty services for females and, secondarily, barber services for males. This profile, however, is restricted to the female-oriented services, which constitute the bulk of activities within this general classification.

B. Dimensions

There has been a steady growth in the beauty care industry in the United States during the past decade. The following statistics from the *Census of Manufactures* illustrate this growth:

Year	Number of establishments	Total receipts	Number of employees	Total payroll
1958	110,395	\$1,028,077,000	140,336	\$342,053,000
1963	151,720	\$1,617,959,000	203,738	\$572,910,000
1967	179,209	\$2,354,398,000	255,037	\$943,298,000

During this period, 1958–1967, growth was common to all parts of the United States. Only two States, Delaware and Montana, have experienced a decrease in the number of beauty establishments—and in both cases, total beauty shop revenues continued to rise despite the decrease in establishments.

More recent data suggest that the growth trend has continued beyond 1967. A Bank of America report on beauty salons indicated that in 1969 there was a 9.5 percent increase in sales over 1968 and an 8.2 percent increase in employees over this same year period as compared to annual rates of roughly 11 percent in sales and 6 percent in employment for both the 1958–1963 and 1963–1967 periods, as illustrated in the table above.

Using these rates as a basis, the beauty shop industry (as defined by SIC 723) in the United States was in 1971 a \$3½ billion per year business, employing over 300,000 individuals in some 200,000 establishments. Over half of these establishments are small proprietorships with no paid employees. Of those with employees, the majority are single proprietorships with two or three employees on the payroll.

C. Characteristics

1. *Nature of the Product*

Women frequent beauty shops for the purpose of becoming better groomed and consequently more attractive. Also the beauty shop often serves as a social meeting place where weekly or monthly information is exchanged with other regular customers or with the staff.

The services offered include a wide spectrum of hair, facial, hand, and nail treatment. Among the more common services are hair and scalp conditioning, hair shampooing, dyeing or tinting, cutting, setting, and styling; facials and makeup, nail filing and polishing; and hairpiece sales and care. Hairdressing and manicures have typically accounted for the largest portion of receipts over the years.

For the most part, beauty shop services are required by their clients on a regular basis. There is in addition a sizeable number of clients who frequent beauty shops only on special occasions (before a wedding, dance, or similar event), choosing to use home care at other times. However, most customers are regular beauty shop users who visit the shop weekly or every 2 weeks.

Prices for beauty shop services vary widely from establishment to establishment, and sometimes even from stylist to stylist within the same establishment. For example, the price of a haircut—which takes relatively little time and minimal supplies and equipment—can range from \$2 to \$8 or more. Price ranges are determined primarily by the skill and/or reputation of the stylist; customer-type (income level primarily), time to complete service, cost of supplies and equipment, and market considerations (such as price lists of competitors).

The higher priced services, such as permanent waving or hair coloring (ranging from \$15 to \$25 and up), are required on a less frequent basis by regular customers than are the lower priced services (shampoo sets, for example, at \$5 to \$7 and up) which are required weekly or every 2 weeks.

Many salons complement their service sales by selling beauty products as well. Some offer more specialized services such as electrolysis for removal of unwanted facial and/or body hair and makeup treatments. Others compete with department stores and specialty shops by offering a full line of wigs and accessories (wig stands, cleaners, special combs and brushes). However, no more than 15 percent of all beauty shops offer this wide assortment of services—most focus almost wholly on hair treatment and styling.

2. *Nature of the Customer*

Virtually all women desire some continuous form of hair grooming and/or treatment. They have three alternatives: (1) do it themselves, (2) have relatives or friends do it, and/or (3) seek professional services. The decision to take the latter route—to seek professional services either by going to beauty shops or, in rarer cases, by having beauticians come to them—is based upon such considerations as availability of time, income, desire for expert services, lack of household alternative (e.g., no appropriate product on the market), and extent of interest, trust, or patience in home treatment.

Accordingly, the best source of customers for beauty shops are, first, middle-aged and elderly housewives who have time and money, and are extremely sensitive about their changing hair and facial features, and, second, working women who have their own incomes, a need to look well groomed at all times, and who don't want the burden of home grooming added to their already full week of activities. In an attempt to concentrate on younger clientele, some beauty shops have gone "mod," employing wild posters, rock music, and occasionally combining beauty services with retail sales of women's clothes and accessories (the so-called "boutique treatment").

One major determinant of each salon's customer mix is its established policy regarding appointments. There are recognized advantages and corresponding disadvantages to maintaining a standing list of appointments. On the plus side, a fully booked schedule of regular customers means a steady income from these regular patrons, fewer telephone calls and appointment changes, less style changes and learning problems, less idle time, and a more congenial atmosphere. On the other hand, the full book generally consists primarily of low-profit services (sets, manicures, etc.) and may result in a less challenging and more routine operation with little or no chance to increase profits by serving new patrons. Accordingly, a common strategy is for new shops and/or new stylists to begin by permitting customers to book time, but, upon establishing a reputation and a sound customer following, to reverse the booking policy and schedule customers according to the time and workload desired by the shop or stylist. This results in a more interesting schedule of services, combining profitable and less profitable items and permitting open time blocks for new patrons.

The location of the beauty shop will depend upon the target population being served and also upon the strategy adopted regarding customer scheduling. Women often combine the beauty shop trip with other shopping chores, and consequently the location of the shop in proximity to shopping areas is considered highly desirable.

Consequently, beauty shops are found in most shopping centers. In such cases, the shop may have an "exclusivity clause" within its lease, restricting the presence of competing businesses such as wig and cosmetic shops. Further, a beauty shop in a shopping center that does not accept appointments may be able to negotiate a higher favorable lease on the basis that customers may fill their waiting time frequenting the surrounding shops. Other common locations, in addition to shopping centers, are hotels, apartment house complexes, and downtown office districts.

3. Staffing Needs and Skills

The beauty operator must possess skills in shampooing, cutting, setting, styling, straightening, permanent waving, bleaching, and tinting, and in giving manicures, pedicures, scalp and facial treatments, makeup analysis, and in eyebrow shaping. A knowledge of the cleaning and styling of wigs and falls is becoming more necessary as well.

Operators in beauty salons must be licensed by the Board of Cosmetology in each State. To be eligible for licensing a prospective operator must possess a diploma from an accredited beauty school. Licensing is contingent upon passing the State board examination, meeting age requirements (usually 16 years of age), provision of certification of good health and having completed the minimum years of required formal schooling (ranging from grades 8 to 12, depending on the State). Cosmetology laws in most States require that an operator have at least 1 year of experience before opening or managing a beauty salon. Completion of a State-approved cosmetology course (6 months to a year) is recognized as adequate preparation for the examination in most States; sometimes this can be substituted for a period of apprenticeship.

The majority of beauty shops are proprietorships with no paid employees. The shops with employees generally have no more than three or four beauty operators, although much larger shops do exist. Operators may secure different types of arrangements with the shop owner. In most cases, their salaries will be based upon a percentage of their total service sales. A minimum guaranteed weekly income may also be set. The usual commission paid to an operator is 50 percent to 60 percent of sales. Inexperienced stylists will generally accept a lower rate at first. A few owners permit operators to act as independent agents who rent a station in the shop for a fee and/or a commission. In such cases, the operators generally furnish their own supplies. Weekly earnings for beauty operators range from \$80 to \$100 for beginning operators to \$300 and up for top stylists.

In larger shops, auxiliary staff may also be required. Such staff might include a shampoo girl, manicurist, electrologist, receptionist (who may also handle retail sales), and maintenance help. Some salons keep a minimum full-time staff and increase personnel on the busiest days—Thursdays, Fridays, and Saturdays. Specialists such as a manicurist and electrologist are paid either on the same percentage basis as stylists or on the basis of concession arrangements. A shampoo girl must be a licensed cosmetologist in most States, but she is likely to be either a stylist just starting out or an older operator who is not skilled in recent styling techniques. Receptionists receive a flat salary (around \$100 per week) or may work for commissions from retail sales. Maintenance staff are paid by the hour at a minimum wage level.

The major advantage of a full-service auxiliary staff is that stylists can be freed to engage in the more lucrative services while the more basic and smaller revenue producing services are performed by less expensive staff. In only relatively few shops, however, is there sufficient volume to permit such economies of scale.

4. Competition and Marketing

The success of a beauty shop rests squarely on satisfying the perceived needs of the client. If a customer is satisfied with the service she receives, she will continue to frequent the establishment on a regular basis. Moreover, she will serve as the single most effective form of advertisement for the shop ("Where did you get your hair done? It looks terrific! . . ."). On the other hand, if she is *not* satisfied with the services received, she will be certain to mention this to friends and associates. The negative consequences can be significant.

It has been found (by the National Hairdressers and Cosmetologists Association as a consequence of the collective experience of its members) that women will accept poor workmanship much quicker than bad treatment in the shop. Thus, customer relations is of even greater importance than quality of services in securing and maintaining a contented and growing clientele.

Beauty shops typically compete on the basis of service, quality, price, and image. The customers of a given beauty shop tend to be of a more homogeneous nature than in most other service establishments. The reason for this is that most stylists tend to favor certain hair styles and other beauty aids. Consequently their client groups quickly define themselves as those women who prefer this range of styles. More often than not, the style range will be more common among certain groups of women than others (the young, the middle class, housewives, office workers, the wealthy, the country club set, etc.). Shop decor and the price list also reflect customer range.

While customer recommendations are the best form of advertisement, it is usually recommended by industry experts that between 1½ percent and 3 percent of total sales be utilized for advertising, with perhaps 5 percent being spent in the initial year of operation. Direct neighborhood mailing has generally proven to be more effective than television or radio spots. Contributing free hairdos for school, church, and fashion shows and for local theatrical productions—with an accompanying credit line in the program—is also a typically effective method of advertising. Product distributors and manufacturers will sometimes contribute advertisement funds or materials to the shop in behalf of their product lines. Beauty shops in shopping centers may be required to contribute to a tenant association which, in turn, will handle all advertisements for the entire complex. Offering free introductory services (such as haircuts) or reduced introductory prices to newcomers to the area through organizations like “Welcome Wagon” will also help attract new customers.

Chains, especially those in department stores, and franchise operations are growing in numbers and in the volume of business they do. Even though at present they constitute less than 10 percent of the country’s beauty shops, they present the independents with their major competitive threat. These big business salons achieve high sales either by using the “assembly-line” system of budget salons or charging high prices in luxury salons noted for their chic. Franchised operations are often given preferential consideration in shopping center developments.

The small salon also has competition from home beauty products—although national advertising can help increase salon sales by introducing women to new beauty aids and making them more beauty conscious. More than a few women have come to the beauty salon after damaging their hair by misusing home products.

5. Ease of New Firm Entry

All States require that a beauty salon manager be a licensed cosmetologist and hairdresser. However, the requirements for securing such a license vary from State to State and are obtainable from the bureau of licenses in each State and city. Locational requirements in relation to health and zoning regulations, as well as specifications of equipment conditions, may make difficult securing a specific site.

In addition to the initial capital investment of between \$1,500 and \$10,000 depending on size and decor, a cash reserve will be necessary to meet preoperating expenses, including advertising, legal services, and advance rent. The cash reserve must be large enough to cover both business and personal expenses until the business is on a

paying basis. The minimum time for achieving profitable operations is estimated to be about 3 to 4 months. July and August are considered the slowest months in which to open a new salon, unless the location is a resort area.

Since there is a high turnover rate in beauty shops, the prospective owner might consider buying an existing salon rather than starting from scratch. An existing shop should have the proper electrical wiring and plumbing and the necessary equipment. However, the buyer should be careful to investigate why the shop is being sold. Was it so successful that the owner wanted to enlarge or was he discouraged by the lack of business? He should also find out whether any of the employees will stay on; if they leave, many of the present customers may go, too.

Minority-owned and operated beauty shops are quite common in minority neighborhoods. The ability to develop such an establishment in an all-white or racially mixed area will depend upon prevailing racial attitudes rather than on economic or other institutional factors.

6. Capital requirements and Financing

The amount of initial capital investment (or startup costs) required to begin a new beauty salon is dependent upon the target market, the types of services to be performed, and the number of operators to be employed. At a minimum, a shop selling to a lower income group will require from \$1,600 to \$1,800; one servicing a middle income group may need from \$2,000 to \$3,000; and a luxury type shop from \$5,000 to \$10,000 and up. The largest single cost factor in the beginning will be the equipment, including shampoo sinks, styling chairs, curler stands, dryers, and mirrors. This equipment usually costs \$1,000 per station and may be purchased on installment.

In addition, inventories for the retail sales of beauty products and/or wigs and accessories as required must be added to the total cost. A typical wig room with display cases and counter can run an additional \$500 to \$1,000.

Typical operating costs include the following.

- a. Rent, utilities, telephone, insurance (6 percent to 10 percent of sales).
- b. Salaries (50 percent to 60 percent of sales).
- c. Initial advertising (5 percent of sales).
- d. Improvements in space, including plumbing, electricity, painting, and sign costs (5 percent to 10 percent of sales).

- e. Supplies for shop use (7 percent to 10 percent of sales).
- f. Reserve fund (5 percent of sales).

Financing may be accomplished through the use of equity, commercial bank loans under Small Business Administration guarantees, and occasional minority business financing. An excellent guide to local sources of financial and technical aid is the *Directory of Private Programs Assisting Minority Business*, Office of Minority Business Enterprise, U.S. Department of Commerce, 1970.

Franchise operations are growing in importance in the industry and now account for almost 10 percent of all establishments. The franchise fee entitles the entrepreneur to several advantages (such as use of company's name, preferential treatment in seeking locations, training programs, access to suppliers, etc.), which in turn should aid the entrepreneur in securing financial backing.

7. Profitability and Risk

Beauty shops have been able to raise their prices on a regular basis throughout the past decade to more than compensate for increasing costs of operation. The average gross margin for the industry is between 20 percent and 35 percent of total sales. Franchise operations are, on the average, even more profitable.

A high turnover rate of establishments during the 1960's, coupled with the rapid growth of the industry as a whole, suggest that while beauty shop operations can be highly profitable for successful entrepreneurs, the risks are great. Success is linked directly to satisfying the consumer through both quality of service and courteous delivery of these services. A few dissatisfied customers can literally destroy the market for the establishment. Consequently, the failure rate is high. The risk can be minimized substantially by selecting qualified and experienced beauty operators and by taking all measures possible to insure that every customer is well treated.

8. Dependence on Economic Conditions

Historically, the beauty shop business has been relatively resistant to general economic trends. Receipts have declined noticeably during periods of general economic slowdown only in those shops primarily serving the lowest income groups. Further, retail sales of cosmetic products do not decline significantly during periods of general economic recession. This would suggest that beauty services and products are considered by women to be relatively indispensable.

III. ANALYSIS OF BUSINESS FEASIBILITY

A. Review of Key Factors

The following factors are essential to successful development of a profitable beauty shop:

1. *Market*

As a general rule of thumb, a total population of roughly 1,000 persons is required to support a shop. The actual client group of a given beauty shop will tend to be relatively homogeneous. Clients will usually reside in the same general locale and belong to the same general socioeconomic group. They are also likely to be further defined by life-style.

2. *Location*

Proximity to the client group is the overriding locational determinant. Within this framework, a preferable location is one with good accessibility and visibility (such as a major shopping street or shopping center), preferably on the ground floor. Plenty of parking near the shop is considered a must. Locations near other shopping facilities are desirable.

3. *Site Requirements*

The space required for a beauty shop will average 100 to 150 square feet per operator. This space requirement will allow for reception areas and storage. Wig rooms, coloring rooms, and retail sales areas (including boutiques) will require additional space.

Beauty care equipment places heavy demands on plumbing and electricity, and the building chosen must be able to accommodate these utility needs.

4. *Complementary Services*

In addition to the required beauty services, additional items are recommended to enhance the shop: free coffee, food vending machines, outside telephone service, charge accounts, recorded or taped music, and retail sales of beauty accessories.

5. *Equipment*

The basic equipment required to operate the business will average around \$1,000 per styling station and include vanity and shampoo bowl, mirror, styling chair, curler stand, and dryer. Expendable supplies will range between 7 percent and 10 percent of total sales.

6. Management

The manager must first and foremost be concerned about keeping the customers satisfied. This requires a sound working knowledge of the business, an ability to work well with employees, an ability to maintain good customer relations and to handle angry or dissatisfied customers, and good management sense (regarding inventory control, retail sales operations, hiring of additional employees, etc.). Both men and women are found as managers of successful beauty salons.

7. Work Force

Beauty shops are very labor intensive, with salaries generally accounting for between 50 percent to 60 percent of total revenues. It is the stylists and beauty operators who attract most customers and cause them to frequent the establishment on a regular basis. There are few economies of scale for smaller operations. However, the larger beauty shops can permit staff specialization and service differentiation in order to free the best stylists from routine functions to concentrate on the higher priced services. The number of operators will depend upon market demand—there is no optimum size.

In addition to beauty operators, larger shops will maintain a receptionist and possibly a maintenance worker. Part-time staff may be employed during the peak period (Thursdays through Saturdays).

B. Special Factors for New Minority Ventures

There are no known industrial barriers acting to prevent minority ownership of beauty shops. Beauty shops are highly market-oriented, and there are both a growing demand for beauty services among minority consumers and a general acceptance of minority-owned and managed beauty shops. Consequently, any beauty shop—white or non-white owned—that provides high quality service should be able to locate a favorable market area to serve.

Because of the high turnover of shops, a possibly attractive way to begin a new venture is to buy a shop about to close. The conditions leading to the closure should, of course, be investigated in detail before making such a move. Beauty salon failure due to poor service will usually not seriously hinder a totally new operation locating in the same facility with a new name and new operators.

C. Projections of Attainable Returns on Investment

Representative projections of revenues and profits attainable are furnished for three common sizes and types of beauty shops: a single proprietorship with no employees, a proprietorship with three beauty operators, and a franchised operation with six operators.

1. One-person Operation

Revenues		
Beauty services	\$15,000	
Retail sales	0	
Total revenues	<u>\$15,000</u>	100%
Operating expenses		
Rent	\$ 1,500	
Supplies	1,400	
Advertising	400	
Laundry rental service	200	
Utilities	500	
Maintenance and repairs	200	
Other (licenses and taxes, insurance, accounting fees, etc.)..	<u>1,000</u>	
Total operating expenses.....	\$ 5,200	35%
Gross operating profit	\$ 9,800	65%
Other expenses (equipment, depreciation, and interest)	\$ 750	
Net profit before taxes	\$ 9,050	60%
(before owner's compensation)		

2. Proprietorship With Three Beauty Operations (including owner)

Revenues		
Beauty services	\$40,000	
Retail sales	2,000	
Total revenues	<u>\$42,000</u>	100%
Operating expenses		
Salaries and wages	\$21,000	
Rent	3,600	
Supplies	3,700	
Advertising	1,800	
Laundry rental service	700	
Utilities	1,500	
Maintenance and repairs	500	
Other	<u>800</u>	
Total operating expenses	\$33,600	80%
Gross operating profit	\$ 8,400	20%
Other expenses	\$ 2,400	
Net profit before taxes	\$ 6,000	14.3%

3. Franchised Operation With Six Beauty Operators (including owner)

Revenues			
Beauty services	\$80,000		
Retail sales	5,000		
Total revenues	<u>\$85,000</u>	100%	
Operating expenses			
Salaries and wages	\$40,000		
Rent	7,200		
Supplies	8,100		
Franchise fees	6,000		
Advertising	2,400		
Laundry rental service	1,000		
Utilities	3,200		
Maintenance and repairs	1,000		
Other	<u>2,600</u>		
Total operating expenses	\$71,500	84.1%	
Gross operating profit	\$13,500	15.9%	
Other expenses	\$ 3,000		
Net profit before taxes	\$10,500	12.4%	

IV. SUMMARY: ESTABLISHING THE BUSINESS

A. Approaching the Market

In determining where to set up a beauty shop, the overriding consideration is to be reasonably accessible to the target client group. In turn, the target group should be selected on the basis of perceived divergence between demand and available services. In this latter regard, a detailed analysis of (1) the services offered by competition and (2) the dominant client group of existing establishments in each alternative location should be undertaken.

Upon determining the target client group to be served and the general locale, a detailed analysis of alternative sites should be undertaken. Special consideration should be given to sites near shopping centers that offer adequate parking.

In the actual planning of the facility, the decor, complementary services, and the price list should be designed with the target client group specifically in mind. Stylists should be recruited on the basis of their interest in creating styles and providing beauty services for

the target group. In the case of a franchised operation, the franchisee will help with both the shop layout and the hiring of personnel, as well as in setting up books and records.

There are several options open to a new firm wishing to introduce itself to the general public and particularly to its target population. Placing a large advertisement in a neighborhood shoppers' newspaper is generally a good investment. A mimeographed letter announcing the opening might also be sent profitably to selected addresses (neighborhood associations may exist and will have names and addresses for their areas). Radio and/or television spots are costly, but do reach sizeable numbers of persons. In the case of a shopping center location, the announcement of the opening probably will be handled through the center's tenant association. In the case of a franchised operation, the franchiser will arrange the grand opening and local advertising and may provide a guest star.

As a longer term marketing project, reduced rates may be offered to newcomers to the area through the local Welcome Wagon organization. Free styling for fashion shows and local theatrical productions may also be offered in return for a credit in the program. However, as stated several times already, the best form of advertising is through the satisfied customer.

B. Facility and Capital Requirements

As indicated above, roughly 100 to 150 square feet of floor space per operator is required for a typical beauty shop. This space requirement includes room for a reception area and for storage. Wig rooms, coloring rooms, and extensive retail sales areas will require additional space, depending on the scale of the operation. The building must be capable of accommodating the electricity and plumbing needs of the shop. The land must be appropriately zoned.

Equipment can be supplied by a single supplier. Installment terms are available. Usually a one-third downpayment (roughly \$400 per operator) is required. Furniture, leasehold improvements, initial advertising, and supplies may run as high as \$5,000 for a small four-operator venture. Larger operations (10 or more operators) will have proportionately higher startup costs.

A franchised operation will cost a little more to start than an independent operation. A franchise fee must be paid, plus future monthly payments of between 5 percent and 10 percent of monthly sales.

C. Financing

As indicated above, equipment can be purchased on installments, with a one-third downpayment typically required. Bank loans may be

available to cover other capital requirements. A 90 percent loan guarantee from the Small Business Administration will be of assistance in obtaining a commercial loan.

A franchised operation should have an easier time securing a loan. The franchiser may be unwilling to offer a franchise to an entrepreneur lacking sound financial backing, however.

D. Labor Force

As indicated above, the beauty shop operation is highly labor intensive. At least half of the revenues are returned to the operators as salaries or owner's profit (in the case of an owner/operator). The labor force performance is also the single most important marketing vehicle. Accordingly, selection of a qualified and personable staff is a sine qua non for a successful venture.

The entrepreneur must be sure that each of his operators has met the requirements of the State's board of cosmetology or other regulatory agency responsible for setting standards and issuing licenses for hair stylists. In some States, other shop employees such as manicurists, electrologists, and those who service wigs need licenses.

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TRADE ASSOCIATIONS

National Beauty Culturists' League (NBCL) (Cosmetologist) 25 Logan Circle N.W., Washington, D.C. 20005, Founded 1919. Members, 10,000. Beauticians, cosmetologists, and beauty products manufacturers. Opposes segregation because of race on State regulatory and licensing agencies. Encourages standardized, scientific and approved methods of hair, scalp, and skin treatments. Sponsors: National Institute of Cosmetology (training course in operating and designing techniques and business techniques); Annual Trade Shows; National Beauty Week; Hall of Fame. Publication: Forecast, semiannual.

National Beauty & Barber Manufacturers Association (NBBMA): 1023-25 National Press Building, Washington, D.C. 20004. Founded 1941. Members, 110. Manufacturers and distributors of cosmetics, equipment, and supplies used in or resold by beauty salons and barber shops.

Associated Master Barbers and Beauticians of America (AMBBA): 537 South Dearborn Street, Chicago, Illinois 60605. Founded 1924. Members, 10,000. Barber and beauty salon owners and managers, school operators, supply dealers, trade magazine publishers, and manufacturers. Publications: Master Barber and Beautician Magazine, monthly.

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National Economic Development
Association (NEDA)
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Albuquerque, N. M. 87104
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Atlanta, Georgia 30314
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Business Enterprise Project
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Chicago, Illinois 60605
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513/221-0180
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Cleveland, Ohio 44106
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(DAME)
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Suite 1006, UCC Tower
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Association (CEDA)
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Detroit, Michigan 48208
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Walter McMurtry, President

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915/533-7423
Jose Manuel Villalobos,
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Indianapolis Urban League
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Indianapolis, Indiana 46204
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Sam Jones, Executive Director

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